

**PORT OF SEATTLE  
MEMORANDUM**

**DATE:** November 4, 2015

**TO:** Port Commission

**FROM:** Theodore J. Fick, Chief Executive Officer

**SUBJECT:** Notification that the Port intends to increase the value of an Indefinite Delivery Indefinite Quantity (IDIQ), Service Agreement with the Harris Group Inc. (P-00316324), through a Sole Source Competition Waiver.

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**NOTIFICATION:**

The Port intends to increase the value of Service Agreement P-00316324 by \$500,000 to \$3,500,000, through means of a Sole Source Competition Waiver to complete the design of Phase 2 of the Electric Ground Service Equipment project.

The design for Phase 2 of the Electric Ground Service Equipment (eGSE) project was put on hold to allow for Airline Realignment.

Increasing the value of this contract will allow us to ensure continuous service with the Engineer of Record to complete the design for Phase 2 of the eGSE project at the Airport.

This is justified under Resolution 3605, Section 6.5 Competition Waivers. This section reads, in part, “The CEO is authorized to approve competition waivers consistent with applicable federal and state laws and internal Port policies...”.

The condition that applies here is:

Condition (iv) which states, “the waiver is necessary to authorize work with a contractor or service provider who has exclusive knowledge that was provided during a prior phase of the contract or project”.

Please see the attached Justification for a Competition Waiver memo.

**PORT OF SEATTLE  
MEMORANDUM**

**DATE:** October 21, 2015

**TO:** Dave Caplan, Senior Director, Office of Strategic Initiatives  
Craig Watson, General Counsel  
Nora Huey, Director, Central Procurement Management

**FROM:** Ralph Graves, Managing Director, Capital Development Division *RAG*  
Wayne Grotheer, Director, Aviation Project Management *WAG*

**SUBJECT:** Request Sole Source Competition Waiver to increase the value an Indefinite Delivery Indefinite Quantity (IDIQ), Service Agreement with the Harris Group Inc. (P-00316324).

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**BACKGROUND**

The Port of Seattle executed an Indefinite Delivery Indefinite Quantity (IDIQ) contract with Harris Group Inc. (HGI) on March 3, 2010, for Low Voltage Electrical Design services for a not-to-exceed contract value of \$3,000,000. The contract has a contract ordering period that expired March 3, 2013. To date, \$2,611,000 has been spent on the contract, leaving a remaining balance of \$389,000.

In accordance with CPO-1, section 8.3.5.1, the Port will not increase the value of an IDIQ contract unless there is an exceptional circumstance that is documented in a competition waiver. The circumstances here justify an exceptional circumstance for a sole source competition waiver.

On October 12, 2015 the Port executed SD 1-6 for design services related to Phase 2 Electric Ground Service Equipment (eGSE). Design work began in October of 2012 and HGI delivered 100% design document to the Port on September 20, 2013. The Port reviewed the 100% design documents and identified a number of comments or changes that HGI needs to review and, if appropriate, revise the design documents. Before HGI moved forward with finalizing the design documents, the project was placed on hold in December, 2013 to accommodate airline realignment projects. For the design effort for Phase 2 we have spent \$1,205,415 to date.

The Port has decided to move forward with Phase 2 EGSE project. We estimate that an additional \$889,000 is required to revise and update the 100% design documents and provide design services during construction. Updating the design documents will involve revising the drawings and specifications to reflect changes resulting from the airport realignment project, lessons learned from Phase 1, and to update the document to current electrical code requirements and Port standards. With this increased cost, total cost for work performed by HCI will be \$2,094,415. To accommodate the increase cost of design, the Port will need to amend the contract by \$500,000 for a new contract value of \$3.5 million.

The following steps will be required to restart Phase 2:

1. Secure approval of the Sole Source Competition Waiver and increase the maximum value of P-00316324.
2. Execute a new Service Directive (SD) for the design team to evaluate and document the changes created by airline realignment. There have been several changes since this project was put on hold. At this point all of the changes have not been identified by the project team. Several airlines have moved over the last two years. The layout at each gate may be different from the layout depicted in the design drawings. The team will compare the current conditions with those shown on the design document. The team must review existing site conditions and compare the current documents against existing conditions, current codes, etc. that have changed over the last two years. The Phase 1 lessons learned will also be incorporated in the document. The team will use the evaluation to determine the magnitude of the effort required to bring the design back up to 100%. Estimated value: \$46,000.
3. After the evaluation is complete the team will use the information to execute a second SD to authorize HGI to complete the design, bid documents, and provide design support during construction. Estimated value: \$843,000.

The Port will go back to Commission in March/April of 2016 to request additional authorization for the EGSE project for construction and to reconcile any changes in costs due to airline realignment projects, price escalation, etc.

### **JUSTIFICATION**

The current design is usable with minimal design modifications. HGI, as the Engineer of Record, has exclusive knowledge gained in the earlier phase of work. Increasing the maximum value of Service Agreement P-00316324 will provide the Port with the following benefits:

1. Continuity – We complete the project with the Engineer of Record.
2. Design liability. Engineering firms will not accept liability for another engineer's design. Should we contract with another engineering firm they will limit their liability, add costs to evaluate and check design calculations and assumptions, resulting in additional risk and cost for the Port. Changing firms at this point is not in the best interest of the Port.
3. Exclusive knowledge – We take advantage of the exclusive knowledge HGI compiled during the previous eGSE projects design.
4. Lower total project costs – Starting with another engineer will most likely increase cost and schedule. A new firm must review all of the existing work thoroughly, complete field investigations, rerun all engineering calculations, and review all specifications in order to take responsibility for the design. A rough estimate of additional design costs to move forward with a new engineer is approximately \$1,500,000 to \$2,000,000. This will impact

the project completion schedule and potentially securing a new FAA VALE grant for \$5,500,000.

Accordingly, a sole source competition waiver is justified.

**REQUESTED ACTION:**

In accordance with RCW 39.04.280, we request a Sole Source Competition Waiver to increase the value of Service Agreement P-00316324 by \$500,000 to \$3,500,000.

**CONCURRENCE:**

  
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Nora Huey, Director, Central Procurement Office

10-21-15  
Date

  
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Craig Watson, General Counsel

10/29/2015  
Date

**APPROVAL:**

  
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Dave Caplan, Senior Director, Office of Strategic Initiatives

10/20/2015  
Date

Estimated Design/Support Costs for E(eGSE) PHASE 2			
■	Service Agreement P-00316324	\$3,000,000	
		<b>Committed</b>	<b>Actual</b>
■	SD 1-1	\$ 8,425	
	Mod 1	\$ -	
	Mod 2	\$ (31)	
	Subtotal	\$ 8,394	\$ 8,394
■	SD 1-2	\$ 293,936	
	Mod 1	\$ -	
	Mod 2	\$ (104)	
	Subtotal	\$ 293,832	\$ 293,832
■	SD 1-3	\$ 143,385	
	Mod 1	\$ (14,420)	
	Subtotal	\$ 128,965	\$ 128,965
■	SD 1-4	\$ 778,275	
	Mod 1	\$ -	
	Mod 2	\$ 44,995	
	Mod 3	\$ -	
	Mod 4	\$ (76,259)	
	Subtotal	\$ 747,011	\$ 747,011
■	SD 1-5	\$ 227,383	
	Mod 1	\$ -	
	Mod 2	\$ -	
	Subtotal	\$ 227,383	\$ 227,383
■	SD 1-6 - Design for eGSE Phase 2	\$ 1,232,896	
	Mod 1		
	Subtotal	\$ 1,232,896	\$ 1,205,415
■	<b>Totals to date</b>	\$ 2,638,481	\$ 2,611,000
	Service Agreement P-00316324 current max value		\$ 3,000,000
	Total cost to date		\$ 2,611,000
■	Remaining Capacity		<b>\$ 389,000</b>
	Mod 2 (step 2 , comp waiver page 3)		\$ 46,000
	Mod 3 (step 3 comp waiver page 3)		+ \$ 843,000
■	Subtotal - to complete design		<b>\$ 889,000</b>
	Subtotal - to complete design		\$ 889,000
	IDIQ remaining capacity		- \$ 389,000
■	Additional IDIQ capacity needed		<b>\$ 500,000</b>
	Service Agreement P-00316324		\$ 3,000,000
	Additional IDIQ capacity needed		+ \$ 500,000
■	Total IDIQ capacity needed		<b>\$ 3,500,000</b>